



INFORMATION BULLETIN: CASH IN TRUST

California Labor Code Section 3701 permits deposit of cash in trust as a security deposit for a workers' compensation self insurance program. The California Code of Regulations, Title 8, Section 15214 spells out more specifically how to post a cash deposit, as follows:

Section 15214. Cash in Trust.

(a) Cash shall be presented to the Manager in the form of a corporate check, cashier's check, certified check or money order and shall be made payable to "The Department of Industrial Relations In Trust For [the legal name of the self insurer]." A wire transfer of funds to a bank or savings institution if approved in advance by the Manager may be used.

Note 1: Cash deposits shall be deposited by the Office of Self Insurance Plans on the same day received or on the following business day with a bank or savings institution meeting the credit standards contained in Section 15215(e) into an interest bearing passbook savings account or into a certificate of deposit not exceeding one year in duration with an automatic rollover upon maturity. The passbook account or certificate shall be set up in such a manner to show the cash deposit is held in trust for the private self insurer by the Department of Industrial Relations, as the depositor, and the private self insurer has no ability to control any part of the account or certificate. The passbook or original certificate shall be held by the bank pending written instruction from Self Insurance Plans signed by the Manager to deliver the passbook or certificate to the State Treasurer, who shall be the custodian of the deposit.

Note 2: A private self insurer desiring to deposit cash to be held in trust as part of its security deposit should contact the Manager in advance of sending a cash deposit to the Office of Self Insurance Plans. The private self insurer may advise the Manager in writing of any preference for a bank or savings institution into which the cash is to be deposited by the Department and length of the deposit term. However, the selection of the bank or savings institution and length of term of the deposit is at the discretion of the Manager.

(b) Negotiable certificates of deposit in book entry format, bearer form or registered form may be deposited with prior arrangements made with the Manager and subject to approval of the Manager as with any other registered securities pursuant to Section 15212.1 of these regulations.

(c) By order of the Manager, physical possession of the passbook or certificate of deposit shall be transferred from the financial institution to the State Treasurer. The passbook or certificate shall be released only upon written order of the Director and the Manager or other person designated by the Director.

(d) The Manager shall provide the private self insurer depositing cash with a written receipt for the deposit.

(e) The private self insurer may request and the Manager shall authorize the payment of any interest on the cash deposit to be sent to the self insurer from the bank or savings institution.

NOTE: Authority cited: Sections 54, 55 and 3702.10, Labor Code.

Reference: Sections 59, 3700, 3701, 3701.5, 3702, 3702.6, 3702.10, 3703, 3705 and 3740-3745, Labor Code.

HISTORY: 1. New section filed 12-22-92; operative 1-21-93 (Register 93, No.2).

Please note:

You send Self Insurance Plans a check, cashier's check, certified check or money order.

DO NOT SET UP A SAVINGS ACCOUNT OR CERTIFICATE OF DEPOSIT AT A BANK OF YOUR CHOICE.

SELF INSURANCE PLANS CAN ONLY ACCEPT THE CASH AND MUST SET UP THE BANK ACCOUNT OURSELVES.

It is helpful if you send a letter indicating what the check is for, your company's Federal Tax ID Number, any preference of banks that you may have for depositing the funds, the length of time you expect to leave cash on deposit, and information on where to send interest payments.